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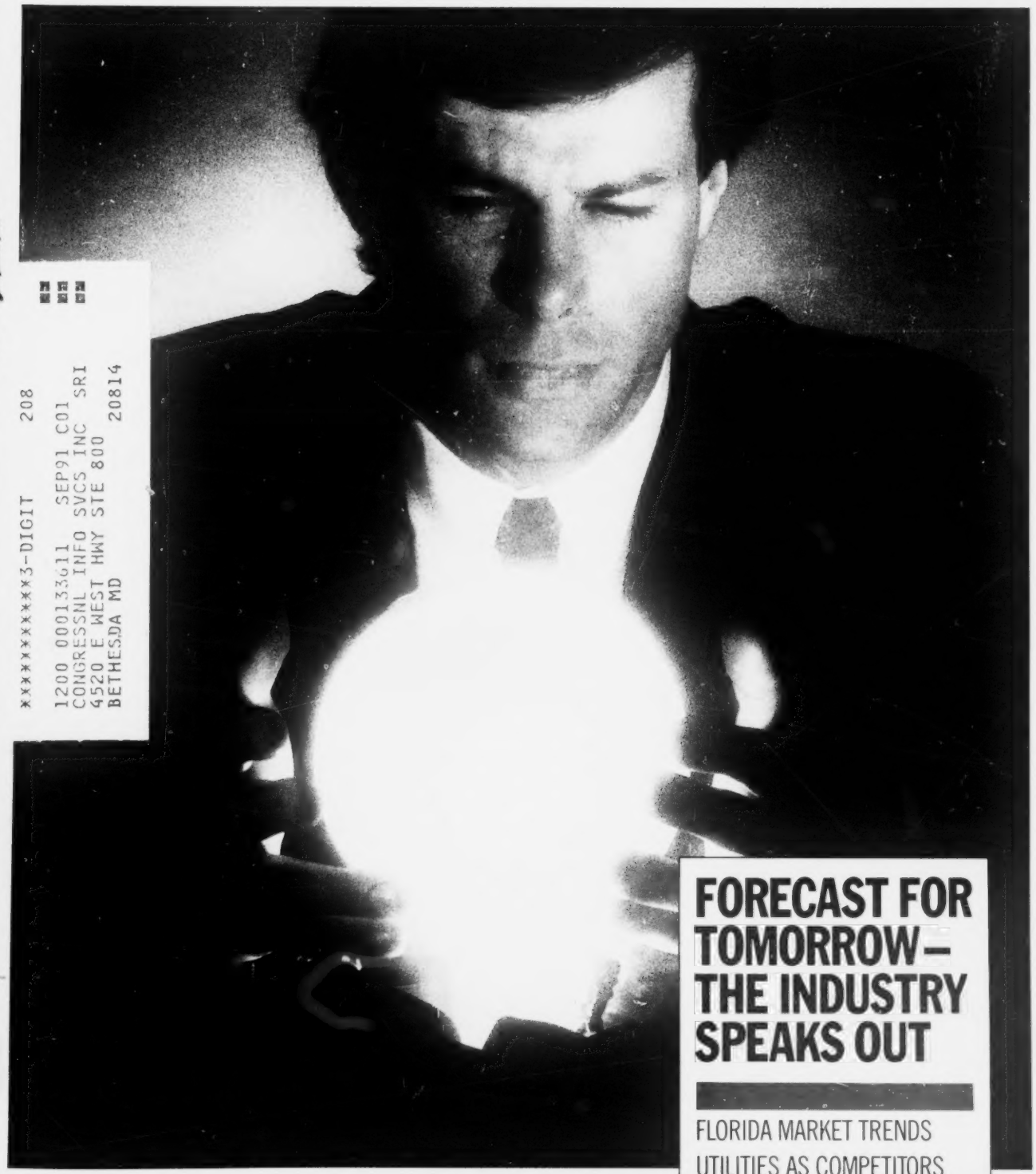

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FORECAST FOR TOMORROW— THE INDUSTRY SPEAKS OUT

FLORIDA MARKET TRENDS

UTILITIES AS COMPETITORS

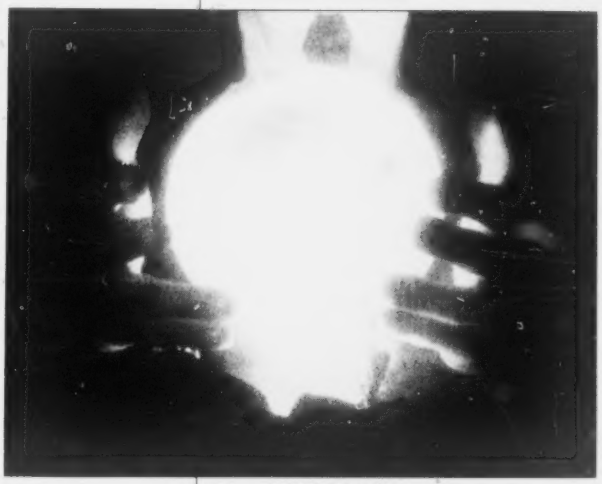
VOLUME 71
NUMBER 1

ELECTRICAL WHOLESALING

JANUARY
1990

FEATURES

COVER STORY



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THE PUBLISHER'S NOTE

We stand at the threshold of a new year, a new decade—and a new National Electrical Code. To help the electrical industry understand the Code changes, our sister publication, *EC&M* magazine, is producing its first training video, "Essential Changes in the 1990 NE Code."

The editors of *EC&M* have selected the changes in the NE Code that have the most impact on common applications for this video presentation. Adapted from the book "Illustrated Changes in the 1990 National Electrical Code," written and edited by Joe McPartland and his son, Brian, an *EC&M* editor, the 60-minute video uses straight-forward language, on-location shots and computer graphics to show viewers how to comply with the new Code. By teaching users how to avoid costly installation errors, the video can quickly pay for itself. It can be used as a refresher, a training tool or even as a gift or premium for customers. It's a must for everyone in the electrical industry—distributors, contractors, electricians, engineers and inspectors as well as electrical maintenance and training personnel.

As we enter the 1990s, this new video, which will be available next month, represents just one small step toward helping the industry cope with the many changes awaiting us all.

John G. Behmke

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simply because they can't draw or because they leave out details like structural columns that cannot be moved. When a distributor has a floor plan, she typically works with him via telephone and the mail. Otherwise, she has the distributor send her photographs of his existing showroom or visits the company herself.

Dunn, on the other hand, says he can typically draw up plans in a day or two for a demonstration room, which is a more concentrated space than an entire showroom.This rarely requires that he visit a distributor or even talk directly with him. "The reps do all of the ins and outs. Basically, I just get a rough sketch from somebody saying that they want a demo room for 15 ft by 24 ft, for instance. I then determine if the space is adequate and that's it," he says.

Dunn's demo rooms generally measure 15 ft by 22 ft (about 300 sq ft to 400 sq ft). Adequate wall space is especially important, he says, since his designs include a lot of vertical lighting or wall grazing.

Even though Dunn designs many demo rooms a year, he notes that no two rooms are ever alike. A distributor's individual marketplace and lighting emphasis will assure that he doesn't get a rubber stamp design. "We are always looking at new technologies to introduce in each one," he says.

Consultants also warn of common mistakes distributors make, such as waiting until they are too far into the design process to scrutinize the plans. Hilling tries to prevent this problem by breaking the design process into three separate phases, which she calls programming, schematic design and contract documentation. "Each phase is distinct and is built upon the others," she explains, "meaning that the client has to approve each one. That way, in the end, there are no surprises in the design and the client knows what he is getting, line-drawn and drafted on paper."

Hilling advises her clients to beware of overlooking details, which can result in wasting a lot of money. Since consultants "are just like a meter running and each hour is billable," distributors' changes must be made as early in the design process as possible. "Once a distributor approves a phase, that means that there will be building on it; and it will take longer and cost them more money if they go back and change their minds."

Distributors should be watchful of their costs from the start. According to one lighting manufacturer, distributors must figure their building expenses in detail to avoid cash problems in the final budget. "It is like building a house," says the manufacturer. "You think you have it all figured out, and then you walk in and realize you needed extra insulation here and a window there." He recommends that distributors rely heavily on consultants in developing a budget, which could run from $150,000 to $250,000 for the renovation of a 2,000-sq-ft lighting showroom, including design and construction as well as fixture and special display expenses.

This manufacturer adds that distributors must allot sufficient time for the building of the showroom and that they shouldn't do construction work themselves. "These things have to be done by professionals," he cautions. "Everybody has to understand that you are not just putting up a ceiling, but rather a structure that has to hold hundreds of pounds of fixtures. It has to be anchored properly. Most installations are drop ceilings, too, so you have to make sure it doesn't sway or get off kilter."

One consultant advises distributors to allow extra electrical capacity for technical changes as well. "If they plan for 3,000 watts of capacity, they should wire it for more than that because as time goes on, there might be changes. For instance, a distributor may want to add feeder lines to service a different scheme," he explains.

Lighting By Design's Zekowski says that it is important not to make the lab's lighting system so complicated that its own staff cannot operate it, resulting in a lab that nobody wants to use. To combat this, he believes all light switches and controls should be "apparent" in a lab so that it doesn't take a highly trained person to use it. He doesn't like complex or highly-styled furnishings in the lab, either. Furnishings that are as fashionless as possible allow customers to more readily envision how the lighting would look in their own personal space, he says.

"These are difficult points to enforce because a lot of distributors are preconditioned," says Zekowski. "Many of them think in terms of state-of-the-art switching and end up putting in very expensive switching systems or spending a lot of money on an interior decorator who helps to defeat the purpose of the lab."

In the end, distributors have much to consider when upgrading or constructing a lighting showroom. Getting a good consultant, and then following his or her advice, should make the process go that much more smoothly. As Colker of West Virginia Electric Supply points out, his company had to make very few modifications to its showroom layout plans. Says Colker: "If you buy good advice, you should take it." □

ECONOMIC UPDATE

SUNNY SOUTH

EVERYWHERE IN THE SOUTH, THERE'S OPTIMISM ABOUT 1989.

■ All across the South, in the 16 states that make up the region, electrical distributors expect a good year in 1990, following a good 1989.

Three distinct areas make up the South; in one of them, distributors expect one of the highest growth rates of any region of the country, while in the others, they think their growth will be about average or a little below that of other regions in the nation.

Electrical distributors in the southern states along the Atlantic Coast expect business growth in 1990 to be about 6.8%, right about average with wholesalers across the country. This prediction means they anticipate slower growth in 1990 than in 1989, when they reported gains in the vicinity of 12%.

The state of Florida dominates this area of the South, with expected sales of $2.9 billion in 1990, representing a predicted growth of 7.6%. All other states along the South Atlantic coast expect positive growth, from a high of 14.0% in Maryland to a low of 2.0% in Delaware.

In Texas for 1990, distributors expect to have a decent year, following a 1988 and 1989 that represented the best growth they've seen since the drop in oil prices set off economic crisis in areas dependent on energy-related

1990 SALES FORECASTS

■ Upbeat outlook for the South

STATE	DISTRIBUTORS' FORECAST % CHANGE	EW SALES FORECAST ($ millions)
ALABAMA	7.7%	$ 556.5
ARKANSAS	8.4%	291.2
DELAWARE	2.0%	127.5
DISTRICT OF COLUMBIA	5.0%	370.2
FLORIDA	7.6%	2,908.1
GEORGIA	4.4%	1,326.9
KENTUCKY	10.9%	415.5
LOUISIANA	7.2%	739.6
MARYLAND	14.0%	1,093.3
MISSISSIPPI	5.0%	234.9
NORTH CAROLINA	8.5%	1,320.1
OKLAHOMA	1.4%	307.4
SOUTH CAROLINA	10.5%	487.2
TENNESSEE	9.4%	1,145.2
TEXAS	7.9%	3,906.0
VIRGINIA	6.9%	1,150.0
WEST VIRGINIA	17.0%	237.6

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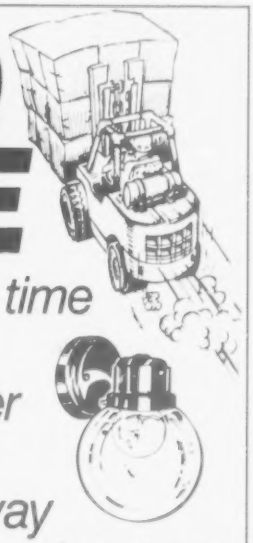

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industries. Texas electrical distributors expect a 7.5% increase in sales for 1990. In the states surrounding Texas, too, distributors predict good sales increases. For the region including Texas, Louisiana, Arkansas and Oklahoma, the outlook is for 6.3% growth in 1990, a little on the low side among the regions, but still one of the more positive outlooks on the part of distributors in those states in many years.

In the Deep South, distributors in the states of Alabama, Kentucky, Mississippi and Tennessee look forward to one of the best performances in the country in 1990 with a 7.2% increase forecast for the year.

Nationwide, electrical wholesalers forecast a growth of 6.7% in 1990. If this prediction were to come true, it would mean a falloff in growth after a very good 1989. The increase in sales for 1989 was estimated to be approaching 11.0% at the time the survey gathering these forecasts was taken in August of 1989. Some softening of business conditions later in 1989, however, probably would have led electrical distributors to lower their projections for 1989 and 1990 had the survey been done later in the year.

Texas and Florida dominate the South with expected electrical wholesaler sales of $3.9 billion and $2.9 billion respectively in 1990. Georgia has been moving up in size and is anticipated to come in at $1.3 billion, followed by North Carolina at $1.3 billion. The South is home to three of the top ten states for electrical distributor sales: No. 2 Texas, No. 4 Florida and No. 10 Georgia. □

ELECTRICAL WHOLESALING

We welcome expression of opinion from readers. Address all correspondence to: The Editor, Electrical Wholesaling, 1221 Avenue of the Americas, New York, N.Y. 10020